

Tenet Healthcare and Affiliated California Hospital to Pay \$1.41 Million to Settle False Claims Act Allegations for Implanting Unnecessary Cardiac Monitors

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Tenet Healthcare Corporation and its affiliated hospital Desert Regional Medical Center (DRMC), a general medical and surgical hospital located in Palm Springs, California, have agreed to pay \$1.41 million to resolve allegations that they violated the False Claims Act by knowingly charging Medicare for implanting unnecessary cardiac monitors, the Justice Department announced Tuesday.

“Providers that bill for unnecessary services and devices contribute to the soaring cost of health care,” said Assistant Attorney General Jody Hunt for the Department of Justice’s Civil Division. “The Department of Justice holds accountable those providers that impose unnecessary treatments upon patients and pass the inflated costs on to federal health care programs.”

Medicare only reimburses services and treatments that are reasonable and medically necessary. This settlement resolves allegations that DRMC knowingly charged Medicare for unnecessary cardiac monitors (often called loop recorders) that DRMC cardiologists implanted in beneficiaries from 2014 to 2017.

“Invasive medical procedures, such as implanting heart monitors, are not without risk,” said Timothy B. DeFrancesca, Special Agent in Charge for the Office of Inspector General of the U.S. Department of Health and Human Services. “Therefore, when these procedures are medically unnecessary, as contended in this case, people in government health programs are put at needless peril, and taxpayers end up with the bill.”

The settlement resolves allegations filed in a lawsuit by Michael Grace, a former DRMC employee, under the qui tam provisions of the False Claims Act, which permit private individuals to sue for false claims on behalf of the government and to share in any recovery. The civil lawsuit is docketed in the Central District of California and is captioned United States ex rel. Grace v. Tenet HealthCare Corp.; St. Francis Hospital-Memphis; Desert Regional Medical Center; and Apollo MD, Case No. 17-CV-1481. As part of this settlement, Grace will receive \$240,789 as his share of the government’s recovery.

The resolution of this matter illustrates the government’s emphasis on combating health care fraud. One of the most powerful tools in this effort is the False Claims Act. The claims resolved by this settlement are allegations only and there has been no determination of liability.

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